

## Chapter 9: Funding to Support Plan Implementation and Adaptive Management

### *Key Questions for the Steering Committee*

Implementing and coordinating a successful salmon conservation plan will require funding. This paper aims to address the principal question: ***How can the WRIA ensure adequate funding for implementation of its conservation plan?***

In order to answer that question accurately, WRIA 8 partners will have to know how much the plan is likely to cost and whether current funding sources in the WRIA will be sufficient to meet these needs. To date, there has not been a comprehensive study to attach a price tag to the conservation plan, but there is a general sense among Work Group members that the cost will be greater than existing resources can meet. Meanwhile, the federal and state funding that has been available for salmon recovery actions over the last five years has already been reduced from its initial levels, and there are signs that it will decline further. Making up the balance is almost certain to require some measure of collaboration among stakeholders to preserve existing funding sources and identify and tap into new ones.

Regional collaboration on fundraising may also benefit WRIA 8 partners even if there is not a significant funding shortfall. Watershed-level coordination could help stakeholders identify appropriate funding sources for near term projects, match regional projects with the best funding prospects, and prepare successful grant proposals.

There are several important questions which WRIA 8 partners ought to address to ensure adequate funding for implementation of the conservation plan. This paper outlines a series of options for the Steering Committee to consider as it discusses these questions:

1. How are funding responsibilities distributed among stakeholders? Who should be responsible for funding each element of the plan, and to what extent are stakeholders expected to commit to these funding responsibilities?
2. What additional sources and options are available to help fund the plan? Are there new funding options available, either locally or at a state or federal level, which could address shortfalls in existing sources? How comfortable is the Steering Committee – and the Forum – pursuing new sources of local funding, e.g., reauthorizing the King Conservation District (KCD) to fund watershed coordination or implementation, continued interlocal agreement (ILA) commitments, special purpose districts, or local bond measures?
3. To what extent should stakeholders organize for fundraising at the watershed level? How independent or collaborative should fundraising efforts be?

### ***Assumptions***

- Implementation of the plan will require funding for a variety of habitat actions identified in the WRIA 8 plan: implementation (capital costs), monitoring/science/research, adaptive management, regional coordination, outreach and education.
- The long-term horizon for plan implementation will make it critical to maintain or create funding sources that are sustainable over that timeframe. Dedicated federal and state funds for salmon recovery are appropriated yearly and subject to unpredictable political pressures, and therefore are difficult to rely upon over the long term.

- Jurisdictions in WRIA 8 are using a variety of local and external sources to fund near-term actions. These funding sources will continue to encourage interjurisdictional collaboration.
- The long term demand for salmon conservation funds is likely to be higher than existing sources can supply. Making up the balance will require collaboration among parties as well as creative approaches to increase existing funding or developing new sources.
- Collaborating on fundraising can lead to cost savings in implementing the plan: local governments can stretch existing dollars by strategically allocating existing funds, generate cost efficiencies by managing shared responsibilities, and leverage external resources and political support.

***Background: Existing sources of funding for salmon conservation efforts in WRIA 8***

The following inventory lists the principal funding sources for salmon conservation activities in WRIA 8 to date. The list is not exhaustive, but gives some perspective on the breadth of funding available to support implementation of the plan. It is important to reiterate that although salmon conservation efforts in the WRIA have utilized all of these sources over the past four years, some of the more significant pots of funding – such as the state and federal funding for the Salmon Recovery Funding Board, U.S. Army Corps of Engineers funding, and state support for Regional Fisheries Enhancement Groups (RFEs) and Lead Entities – have either already begun to shrink or face serious threats in coming budgets. Meanwhile, several of the local funding sources are set to expire soon: KCD sunsets in 2004 and the ILA is finished at the end of 2005.

Local Government Funding

- *Local government public works and capital projects:* Local jurisdictions in King and Snohomish Counties spend several million per year from their capital budgets on projects such as fish passage, riparian restoration, instream and off-channel improvements, and estuary and nearshore restoration.
- *WRIA 8 Interlocal Agreement:* Generates \$400-500,000 annually to fund watershed planning for salmon conservation, but will sunset at the end of 2005.
- *King Conservation District:* Generates approximately \$630,000 for WRIA 8 from King County parcel taxes. Funds projects, studies, and stewardship/education. The KCD levy sunsets in 2004.
- *King and Snohomish County Conservation Futures:* Property tax for conservation futures with several million available yearly for open space conservation.
- *Locally-funded grant programs:* Several hundred thousand yearly to projects in WRIA 8 through King County's Community Salmon Fund partnership, WaterWorks program, Rural Community Partnership Grants, etc. These are mainly funded with rural drainage fees.
- *Operating funds for ongoing watershed activities:* Local jurisdictions fund staff through operating budgets for ongoing projects, including: research and monitoring (e.g., normative flows and coho pre-spawn mortality studies, ongoing water quality and fish monitoring), outreach and education (e.g., outreach publications, basin and watershed stewards, volunteer coordination), regulation and permitting, and planning.

Federal Funding

- *Salmon Recovery Funding Board (SRFB):* Up to \$1 million a year for habitat projects in WRIA 8.

- *U.S. Army Corps of Engineers*: Study funding for Lake Washington General Investigation and Puget Sound Nearshore. Project funding through 206 and 1135 continuing authorities.
- *Other federal grant and incentive programs*: North American Wetlands Conservation Act grants, Cooperative Endangered Species Fund, Conservation Reserve Enhancement Program, etc. occasionally fund projects in the WRIA, but these are not allocated strategically by the funders to WRIA 8 priorities.
- *National Fish and Wildlife Foundation*: \$100-200,000 a year for Community Salmon Fund projects and Washington Salmon grants.
- *Technical assistance, monitoring from federal agencies*: National Marine Fisheries Service and U.S. Fish and Wildlife Service.
- *Grants or matching funds for scientific studies on salmon and habitat*: Environmental Protection Agency Star Grants, National Science Foundation, U.S. Geological Survey, U.S. Army Corps of Engineers, others.

#### State Funding

- *Salmon Recovery Funding Board*: The state provides up to a third of the SRFB funds mentioned above.
- *Other state grant programs*: Washington's Aquatic Lands Enhancement Account, Washington Wildlife and Recreation Program, Public Involvement and Education fund, and the Centennial Clean Water Fund all fund occasional projects in the WRIA, but these are not allocated strategically by the funders to salmon priorities.
- *Lead Entity and RFEF funding*: State agencies provide \$60,000 for the WRIA 8 lead entity and funding for the Mid-Sound Salmon Enhancement Group some years.
- *Technical assistance, monitoring, watershed stewards* from state agencies like Washington Department of Fish and Wildlife and Department of Ecology.

#### Private Sector/Non-profits

- *Mitigation*: Private sector developers pay for some permitting and mitigation associated with residential and commercial development. Also some activity from Natural Resource Damage Assessment (NRDA) potentially responsible parties.
- *Foundations*: Fund some outreach and habitat work and invest in conservation initiatives such as the Cascades Conservation Partnership.
- *Land Conservancies*: Cascade Land Conservancy, The Nature Conservancy, and Trust for Public Land access some local funds to leverage grants for preservation projects.
- *Universities*: University of Washington and Washington State University are involved in salmon and habitat research, monitoring and mapping activities, and outreach to landowners.

### **Options for Addressing Questions**

As the Steering Committee builds on the current funding strategy to support plan implementation, the following set of options will help inform discussion about the most important questions:

**1. How are funding responsibilities distributed among stakeholders? Who should be responsible for funding each element of the plan, and to what extent are stakeholders expected to commit to these funding responsibilities?**

Many watershed implementation plans include a table or matrix linking specific implementation actions to the stakeholder groups most likely to carry out the projects or actions (as an example, see the Yakima Watershed Plan, Section 8-7<sup>1</sup>). Some plans make these assumptions simply to aid coordination, with no binding commitments. Other more comprehensive plans actually include specific commitments to actual funding levels or implementation timelines. This is typical of larger regional initiatives with strong state and federal involvement, such as the Everglades and the CalFed Bay-Delta Initiatives. In some of these cases, signatories agree that the commitments made in the plan will be legally binding. The WRIA 8 plan will likely contain some recommended actions that are the province of certain jurisdictions and stakeholders, while other actions will be a shared responsibility. It will be useful to outline these roles in the plan, even if the commitments are entirely voluntary. See the attached issue papers on “Commitments for Plan and Action Implementation” and “Organizational and Decision-making Structures” for more consideration of the options for establishing commitments to and responsibilities for actions and funding.

**2. What additional sources and options are available to help fund the plan? Are there new funding options available, either locally or at a state or federal level, which could address shortfalls in existing sources? How comfortable is the Steering Committee – or the Forum – pursuing new sources of local funding, e.g., reauthorizing the KCD to fund watershed coordination or implementation, continued ILA commitments, special purpose districts, or local bond measures?**

The Background section above outlines a diverse array of funding sources contributing to salmon conservation efforts in WRIA 8. To date, the proportion of local funding has been significant compared to other watershed efforts around the nation. However, several critical sources of local funding – the ILA and Conservation District – are due to sunset in the next two years. Meanwhile, many sources of federal and state funding for salmon conservation are threatened or declining. With this potential shortfall in mind, the Steering Committee might consider three strategies for supplementing existing streams of funding: (A) employing existing sources of funding in the watershed more efficiently, (B) engaging underutilized federal and state funding programs, and (C) creating new funding streams locally and externally. The degree to which WRIA 8 partners should pursue all three strategies will depend largely on the funding need identified and the extent to which the stakeholders are willing to coordinate their efforts at the watershed or regional level. Several of the more complex fundraising strategies will require substantial coordination at the watershed level.

**Strategies to consider:**

Employ existing local sources of funding more efficiently

- *Increase funding efficiencies through collaboration:* Watershed partners can reduce duplication of efforts and increase efficiency by jointly funding collective tasks such as monitoring or outreach, e.g., through the creation of monitoring consortiums like the Puget Sound Ambient Monitoring Program (run by the Washington Department of Natural Resources), the Regional Monitoring Program for the San Francisco Estuary, or the Lake Washington Sockeye Study.
- *Encourage local governments to increase commitment levels:* Local governments could commit to a higher level of support for implementation projects, such as through the Tri-

<sup>1</sup> [http://www.co.yakima.wa.us/tricnty/Watershed/Chapter%208%20\(Implementation\).pdf](http://www.co.yakima.wa.us/tricnty/Watershed/Chapter%208%20(Implementation).pdf)

County's "1% for Salmon" proposal. (These types of arrangements may be legally problematic for utilities.)

- *Enlist other watershed partners to help support efforts:* Develop funding partnerships with businesses, tribes, foundations. For example, many watershed efforts around the country receive yearly donations from local corporations and non-profits to help fund watershed coordination and staffing (e.g., the Tri-State Water Quality Council in the Clark Fork-Pend Oreille Basin). Taking full advantage of corporate and foundation support may require incorporating a watershed organization as a 501(c)(3) non-profit.

Engage underutilized federal and state funding programs

There are a number of grant and incentive programs which could be applied more strategically within the watershed, particularly if there is some watershed-wide level of capacity to help prioritize, coordinate, or help tailor applications to meet grant requirements:

- *Federal and state grant programs:* State grant programs with potential include the Centennial Clean Water Fund/Section 319 and Public Involvement and Education programs; federal programs include the U.S. Army Corps of Engineers' Puget Sound and Adjacent Waters program, U.S. Fish and Wildlife Service's Cooperative Endangered Species Conservation Fund, and Environmental Protection Agency's Star grants.
- *Federal and state conservation incentive programs:* The regional body could also work with landowners to take better advantage of available federal and state incentive programs such as Conservation Reserve Enhancement Program, the Wetlands Reserve Program, and Washington Department of Fish and Wildlife's Landowner Incentive Program.

Create new funding streams locally and externally

The following options would create new sources of funds for conservation activities and/or regional coordination. This is an illustrative list only; there may be other options worth exploring. Of all funding options, these require the most significant amounts of effort and coordination, but they also have the potential to be the most lucrative and sustainable:

- *Reauthorizing King Conservation District (KCD) funding:* The KCD assessment expires in 2004, at which point there will be an opportunity to reauthorize it. The funds allocated to WRIA 8 currently go to a variety of watershed salmon priorities: habitat projects, studies, and stewardship. The law is quite flexible about allocation of funding, and it may be possible during the reauthorization process to direct these funds toward implementation activities that prove difficult to fund with more restricted external funding sources (e.g., regional coordination, monitoring, adaptive management). One disadvantage with KCD funds is that they are not available to the areas of WRIA 8 in Snohomish County.
- *Mitigation Funding:* There are several major public works projects worth several billion dollars in the planning and design stages in the region, e.g., I-405 widening, the Brightwater treatment plan, and Sound Transit. All budgets will include substantial mitigation components – perhaps as much as 10% of total project costs – for community amenities and for addressing environmental issues such as damages to streams, wetlands, and other habitat features. With cooperation from permitting agencies and project proponents, the WRIA 8 group may be able to request that some portion of this mitigation spending be allocated to fund high priorities in the WRIA 8 conservation plan. Staff from the Washington State Department of Transportation (WSDOT) has met with the WRIA 8 Steering Committee to begin exploring how mitigation funding could be targeted towards high priority WRIA 8 projects. In addition, the WRIA 8 ILA staff are in contact with WSDOT, Brightwater wastewater treatment plant staff, and the King County

Habitat Conservation Plan staff to see if there are opportunities to use mitigation funding to address WRIA 8 habitat needs.

- *Establishing a non-profit to receive funds:* The WRIA 8 coordinating body could potentially incorporate as a 501(c)(3) non-profit that would serve as a watershed council. The principal advantage to this option is that non-profit status opens funding opportunities from foundations, individual donors, and corporations that could supplement existing funding sources. Typically, non-profit watershed councils have a small staff to organize stakeholders' meetings, coordinate implementation efforts, and in some cases, to implement elements of the plan itself, such as public outreach and monitoring. The staff members are responsible to the governing council of stakeholders, which sets policy directions for the organization. This could look very similar to the organization under the current ILA, but with a different tax status. Another option that would not change the organizational structure of the ILA would be to establish a separate non-profit foundation or endowment that would be unstaffed but could receive funds from other sources (e.g., the Lower Columbia River Estuary Partnership's "Columbia River Foundation").
  - *Establishing a special purpose district for the watershed:* State law authorizes creation of a special purpose district to administer implementation of the plan. The district would probably need approval by a local vote and have a board that is either politically appointed or elected. The district would generate funding from a tax assessed on property value. The advantage of this approach is that it creates a long-term source of funding for plan implementation. The downside is that it can be a challenge to muster the political support to (A) convince the state to authorize the agreement, and (B) get voters to approve the tax. Also, this type of special purpose district has "junior" tax authority, which means it can be bumped if other higher-priority special purpose districts expand. Examples include the Green River Flood Control Management Zone in WRIA 9 (which generates nearly \$1M a year), Florida's Water Management Districts, and Nebraska's Watershed Districts. There may be some political momentum for this notion in Olympia, as the Department of Ecology has been encouraging watersheds planning under the 2514 process (the State Watershed Planning Act) to consider this option as they made the transition from planning to implementation.
  - *Municipal bond measures:* Municipal bonds are the most common source of governmental environmental financing in the country. Bonds can be issued by states or local jurisdictions like King County. Bonds can generate significant amounts of revenue which can be applied immediately to capital needs such as restoration and acquisition of priority habitat. The difficulty is the legal complexity, administrative time, and the voter approval process required for issuing most bonds.
  - *Tapping into new funding sources at the federal and state level:* This includes options such as direct earmarks in the federal budget for the watershed through Interior, Commerce, or EPA appropriations; moving the Lake Washington Ship Canal General Investigation Study into construction phase; and enlisting in the National Resource Conservation Service Small Watershed Protection program. With the exception of the Corps GI, none of these prospects are particularly promising.
- 3. To what extent should stakeholders organize for fundraising at the watershed level? How independent or collaborative should fundraising efforts be?**

There are several degrees of collaboration on fundraising at the watershed level. The attached issue paper #1, "Organizational and Decision-making Structures," outlines three options for organization, ranging from an decentralized approach where stakeholders

pursue funding independently, to a collaborative effort involving capacity at the WRIA level to identify funding prospects, coordinate requests, or create new sources of income.

### ***Next Steps***

This paper provides a background on existing funding sources for salmon conservation in WRIA 8 and outlines several options to help maintain and pursue funding for implementation of the conservation plan. In January, the Steering Committee will have an opportunity to discuss these options further, and to decide which ones will best facilitate the implementation of the plan and meet the interests of WRIA 8 partners. Once these decisions have been made, the AM Work Group will have the feedback it needs to propose a complete approach to plan implementation, including a description of the activities, strategies, and roles and responsibilities best suited to support adaptive management in WRIA 8.